



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0302	<b>Title:</b>	Revise school funding law by increasing general fund budget amount
<b>Primary Sponsor:</b>	Wanzenried, David E	<b>Status:</b>	As Introduced-Revised

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 302 has no fiscal impact to the state. However, the bill proposes to change the calculation of maximum general fund budget limits, as described in 20-9-306(9), MCA. Currently, 20-9-306(9), MCA, includes 100% of each of the four funding components (total quality educator payment, total at-risk student payment, total Indian education for all payment, total American Indian achievement gap payment) in the calculation of maximum general fund budget limits. The new language increases maximum general fund budget limits by including 125% of the four funding components in the calculation. Budget increases as a result of SB 302 would be an increase in overBASE property tax levies, which need to be approved by local voters.

### FISCAL ANALYSIS

#### Assumptions:

- SB 302 holds the basic and per-ANB entitlements at the current FY 2009 levels. The basic and per-ANB entitlements are as follows:

<b><u>Entitlement</u></b>	
<b>Elementary Basic</b>	\$21,922
<b>Middle School Basic</b>	\$62,083
<b>High School Basic</b>	\$243,649
<b>Elementary Per-ANB</b>	\$4,716
<b>High School Per-ANB</b>	\$6,037

2. Direct State Aid, GTB and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.
3. The present law adjustments do not include inflationary increases for the general fund payments in 20-9-327 through 20-9-330, MCA, (quality educator payment, at-risk student payment, Indian education for all payment, American Indian achievement gap payment). The payments will total \$49.6 million in FY 2010 and \$49.5 million in FY 2011.

**Component****Indian Education for All****American Indian Achievement Gap****Quality Educator****At Risk****Present law distribution amount**

\$20.40 per ANB or \$100 per district whichever is greater

\$200 per American Indian student

\$3042 per FTE

\$5 million allocated per 20 U.S.C. 6332, et seq.

4. SB 302 does not change the calculation of the district payments for Indian Education for All, American Indian Achievement Gap, Quality Educator, or At Risk Components of the school funding formula. The bill does change the amount of each of these components that are used to calculate the maximum general fund budget from 100% of each component to 125% of each component.
5. The maximum increases in overBASE levies as a result of SB 302 are as follows:

	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Indian Education for All</b>	\$755,082	\$750,882	\$756,023	\$755,564
<b>American Indian Achievement Gap</b>	\$808,600	\$805,550	\$802,500	\$799,500
<b>Quality Educator</b>	\$9,439,580	\$9,439,580	\$9,439,580	\$9,439,580
<b>Quality Educator - Coops</b>	\$135,370	\$135,370	\$135,370	\$135,370
<b>At Risk</b>	<u>\$1,250,000</u>	<u>\$1,250,000</u>	<u>\$1,250,000</u>	<u>\$1,250,000</u>
<b>Total</b>	\$12,388,631	\$12,381,382	\$12,383,473	\$12,380,014

**Effect on County or Other Local Revenues or Expenditures:**

1. Based on an analysis of FY 2009 school district general fund budgets, 163 school districts out of 420 school districts are likely to ask voters to increase local levies to support the expanded budget authority provided by SB 302. These are districts that are currently budgeting near or at the maximum general fund budget. These districts could increase local levies by \$6,137,000. This represents 0.66% of all school district funding.
2. The remaining 257 school districts are either above the maximum general fund budget such that they have no room to increase their budgets under the proposed law or they are far enough below the maximum budget that they are unlikely to take advantage of the expanded budget area.
3. SB 302 revises the calculation of maximum general fund budget limits. Any increases in budgets as a result of SB 302 would be entirely supported by over-BASE levies paid by the local taxpayers, and would require local voter approval.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*